

TRIPURA



GAZETTE

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PART--I-- Orders and Notifications by the Government of Tripura,
The High Court, Government Treasury etc.

**GOVERNMENT OF TRIPURA
FOREST DEPARTMENT**

No.F.16(77)/For-Plan/Vol-II/FDA/2019-20/Part/4976-5036

Dated, Agartala, the 7th May, 2021.

NOTIFICATION

Subject: - Guidelines for Revolving Funds of Joint Forest Management Committees (JFMCs).

The Governor, Tripura is pleased to notify the "Guidelines for Revolving Funds of Joint Forest Management Committees (JFMCs) as follows;

1. Background & Context: Revolving fund is being created in every Joint Forest Management Committee (JFMC) in Tripura since the beginning of National Afforestation Programme (NAP) as a measure to ensure sustainability of the JFMC. Although no clearcut guidelines existed and the practice remained as a localized invention, it contributed significantly to the sustainability outlook of the grass-root level people's institution of JFM which is being implemented in Tripura for more than last two decades. Initially, a part of the income earned by the SHGs within JFMCs and sometimes JFMCs themselves voluntarily contributed a percentage of their earnings from the assets, mainly check dams, created under Entry Point Activities to the common revolving fund. In some instances, a part of the wages earned from forestry works was also contributed. Gradually, JFMCs started earning considerable income from NTFPs such as trading of broom grass, gandhaki roots, large cardamom, Bamboo, etc from their Project areas. Under Tripura JICA Project also considerable support was provided to JFMCs and SHGs as Income Generating Activities (IGA) support.

2. Past Effort and Present Need: Board of Management of NTFP Centre of Excellence had in November 2013 decided that 5% of the sale amount of the broom grass by SHGs would be deposited as "NTFP Development Fund" in the Revolving Fund of JFMCs for future use in the development of NTFPs of the area. This has also been provided for in the ABS Agreement mechanism of TBB as well as the mechanism of Bamboo pass introduced in recent time. However, it has been noticed that some field forest officials not connected to the JFMC from which the products have originated, have been collecting revolving funds by issuing receipts without specifying the name of the JFMC. This created apprehensions in the mind of traders and JFM beneficiaries regarding the end use of the funds thus collected which acted against the very concept of revolving funds. A recent compilation has shown that JFMCs have accumulated a total sum of ₹ 13 crore in their revolving fund account, and most of the amount is unused. This is a considerable sum, which if put to productive use, can contribute to the sustainability of the JFMCs through economic activities for short term returns. Thus, it has become necessary to lay down Guidelines for collection and use of the funds on behalf of the JFMC.

3. Definition & Objective: Revolving fund of JFMC can be defined as a fund created in the JFMC for carrying out activities for its sustained harmonious co-existence with forests leading to economic, social and environmental well being of its beneficiaries and a sense of belongingness among the beneficiaries to the forest resources in the project area.

4. The following may be adhered to by the JFMCs:

4.1. Creation of Revolving fund in every JFMC: Every JFMC shall create its own Revolving Fund for the long-term sustainability of the JFMC. One JFMC cannot have more than one Revolving Fund, and only one Bank account.

4.2. Ownership: Revolving Fund of the JFMC shall belong to the entire JFMC and not any particular Group within the JFMC.

4.3. Purpose: Revolving funds can be utilized for the following purpose (indicative only):

(a) Expenditure items (non-refundable):

- (i) Expenditure on resource augmentation/ management/ purchase of necessary equipment for which regular budget is not available.
- (ii) Purchase of tools and equipments.
- (iii) Meeting up expenditure on lawful harvesting of forest produce by the JFMC.
- (iv) Expenditure on hiring experts / executives for specific purpose relating to the objectives of the JFMC.
- (v) Equitable sharing of usufructs for the specified amount available.
- (vi) Maintenance of income generating assets of the JFMC

(b) Loans & advances (refundable):

- (i) Working capital loans to SHGs of a section of members of JFMC (a member not being in more than one SHG of JFMC) or individuals for Income Generating Activities. JFMC can provide micro-credit to its own Groups (SHG/ JLG/ CCFCs) for taking up income generating activities provided they have a viable business plan. Group can also tie up credit with Banks, as they produce more. Two indicative Business Plans are given at Annex-I & II. **For IGA Projects for individuals with total outlay above ₹ 10,000/-, amount provided as loan from Revolving Fund shall not exceed 80% of the Project cost. Remaining portion has to be mobilized by the beneficiary as cash or kind/wage. The rate of interest may be decided by the appropriate Executive Committee, which shall not be less than 8% per annum.**
- (ii) Temporary advance for carrying out time-bound forestry activities for which funds are likely to be delayed, to be replenished as soon as the regular funding will be available, provided that no advance can be drawn if there is any advance pending for 365 days, i.e., one year.
- (iii) Loan for education of beneficiary's children including for purchase of smartphone/ computer for educational purpose only. Other consumption expenditure not allowed.
- (iv) Building Raw Material Bank for artisans belonging to the JFMC.

(c) Any other lawful purpose, with the prior approval of General Body of the JFMC.

4.4. Financing Decision:

(a) JFMC Executive Committee can decide financing decision for proposal upto ₹ 25,000/- by passing resolution recording the name of beneficiary, amount of fund to be given, ground for sanction, terms & conditions of repayment and the number of instalments for disbursement as well as collection. For proposal costing more than ₹ 25,000/-, financing decision may be taken by Executive Committee of the Sub-Divisional FDA on recommendation of JFMC Executive Committee.

(b) All such financing decision will be based on a checklist (Annex-III) to be submitted along with the Proposal.

(c) Financing decision shall be taken by the appropriate Executive Committee within a period not exceeding 3 (three) months of receipt of such proposal in complete shape.

(d) To keep the process simple, no separate sanction order is required other than the relevant EC Resolution.

(e) All financing decisions of the EC will be placed in the Annual General Meeting of the JFMC or FDA as the case may be.

(f) All non-refundable expenditure shall be spent in two instalments of 50% each. The second instalment shall be paid only after successful utilization of the first instalment. It shall be the responsibility of the EC to review the portfolio of utilization of expenditure against non-refundable component and outstanding credit against refundable component in its meeting as a regular Agenda and taking corrective action.

(g) Any decision on projects costing more than ₹ 25,000/- shall be preceded by a simple business plan and viability analysis. Appropriate EC may, if required, get such Business Plan appraised by a Bank, and even ask for training of the business proponent, while sanctioning.

(h) All Business proponents shall hypothecate their stocks and assets procured from the sanctioned amount in the name of JFMC through a simple written agreement (not registered) at the JFMC level.

4.5. Contribution:

Revolving fund will be contributed voluntarily by JFM beneficiaries from his/ JFMC's earnings/ wages. Quantum of such contribution will be at least 5% of the sale price in case of NTFP unless a higher rate is specified against a particular product by Government or NTFP Centre of Excellence by general specific order. Government may also from time to time provide grants specifically to the Revolving fund. Any lawful Agency may also provide donation to the Revolving fund of the JFMC to promote the overall objective of the JFMC. In the interest of sustainability of JFMC, all concerned shall strive to enhance the Revolving Fund of the JFMC through lawful means.

4.6. Operation:

- (i) Revolving fund will be operated only through a savings Bank Account, exclusively maintained for the purpose and will be operated in a public sector Bank.
- (ii) All advance/ expenditure from Revolving Funds account will be by demand drafts/ crossed cheques/ online transfer only. Cash and wallet transaction will not be permitted. Receipt into Revolving Fund should preferably be by demand draft/ crossed cheque/ online transfer.
- (iii) Revolving fund will be collected at the source JFMC only, before issue of TP, i.e., at the JFMC from where the goods and services have originated. However, the Member Secretary of the JFMC (i.e., local Beat Officer) may facilitate this.
- (iv) Money cannot be drawn from the Revolving Fund without the approval of General Body of the JFMC and concurrence of the Range Officer concerned, independent of the decision of the GB.

4.7. Financial accountability and transparency:

There will be a separate cash book for revolving fund to be maintained by JFMC's Treasurer. Every revolving fund contribution will be properly receipted by machine numbered receipt book, which will be duly accounted for/ inventoried by the FDA/ DFO concerned. Every Revolving fund will be annually audited, along with audit of the JFMCs.

4.8. Monitoring:

- (i) In addition to the EC of the JFMC/ FDA as mentioned in para 4.4 (f) above, disbursement and repayment shall be monitored by SDFO every month and DFO every quarter.
- (ii) A mobile app shall be developed for recording and monitoring disbursement, repayment and deposit data. Each financing and repayment event shall be recorded by the JFMC Member Secretary in the app.
- (iii) The Revolving Fund shall be subject to audit, and any misuse of the fund shall invite legal action.


4.9. Dissolution:

In case of dissolution of the JFMC, the funds and assets created out of Revolving Fund including recovery of the loan advanced will be withdrawn.

This has been issued as per the approval of the Government vide U.O. No.199/MIN-FOR/2021 dated 30.04.2021.

This will take immediate effect.

By order of the Governor


(Harshakumar C)
Joint Secretary to
the Govt. of Tripura

Annex-I

**Micro-credit cum Business Plan of a
Bamboo Furniture Making Group under a JFMC**

Number of Artisans:	10
Fixed Capital (excluding land and building):	Own/ rented.

(A)	<u>Equipments:</u>		Cost (Rs)
1	Small hand saw	2 nos	600
2	Reti	5 nos	100
3	Hammer	2 nos	600
4	Grading machine	1 no	10500
5	Others		2500
-	<u>Total</u>	-	<u>14300</u>

(B) Working Capital/ raw material (for product making & sale for 1 month):

	Product made		Cost of raw material (Rs)	Sales revenue (Rs)	Income (Rs) (excluding wages)
1	Sofa set	3 nos	8700	42000	33300
2	Dining set	2 nos	7420	18000	10580
3	Easy chair	20 nos	13000	36000	23000
4	Rocking chair	7 nos	2800	17500	14700
-	<u>Total</u>	-	<u>31,920</u>	<u>113,500</u>	<u>81,580</u>
-	<u>For 12 months:</u>	-	<u>383,040</u>	<u>1,362,000</u>	<u>978,960</u>

(C) Total Project cost for 1 year:

1	Fixed cost (as above)		14,300
2	Working capital (as above)		383,040
3	Electricity		6,000
-	<u>Total cost:</u>	-	<u>403,340</u>

Cost of capital :	
Interest on capital (@18.8% p.a. as per Bandhan Bank rate)	75,828

(D)	Total cost of production	479,168
(E)	Net profit excluding wages and management costs (= Sales revenue - Cost of production):	882,832

Annex-II

**Micro-credit cum Business Plan of a
Handloom Products Making Group under a JFMC**

Number of Artisans:	10
Fixed Capital (excluding land and building):	Own/ rented.

(A)	<u>Equipments:</u>		Cost (Rs)
	All available		0
	<u>Total</u>		<u>0</u>

(B) Working Capital/ raw material (for product making & sale for 1 month):

	Product made		Cost (Rs)	Sales revenue (Rs)	Income (Rs)
1	Pasra set	10 nos	6000	55000	49000
2	Risa	3 nos	750	4500	3750
3	Gamcha (big)	45 nos	4050	6750	2700
4	Bedsheet	30 nos	3600	6000	2400
5	Naga shawl	30 nos	12000	21000	9000
6	Normal shawl	20 nos	6000	10000	4000
-	<u>Total</u>	-	<u>32,400</u>	<u>103,250</u>	<u>70,850</u>
-	<u>For 12 months:</u>	-	<u>388,800</u>	<u>1,239,000</u>	<u>850,200</u>

(C) Total Project cost for 1 year:

1	Fixed cost (as above)		0
2	Working capital (as above)		388,800
3	Electricity		3,000
-	<u>Total cost:</u>	-	<u>391,800</u>

Cost of capital :	
Interest on capital (@18.8% p.a. as per Bandhan Bank rate)	73,658

(D)	Total cost of production	465,458
(E)	Net profit excluding wages and management costs (= Sales revenue - Cost of production):	773,542

Annex-III

Checklist for scrutiny of Proposal for financing under Revolving Fund of JFMC

(To be filled in by the Applicant, to be countersigned by the Member Secretary)

Sl No	Particulars	Information/ Remarks to be recorded
1	Nature of finance (Refundable/ Non-refundable)	
2	Name of the Applicant: Father's Name: Address: Contact No. (In case of Group, give the Leader's particulars)	
3	Whether defaulted earlier in respect of Revolving Fund loan from JFMC? (Y/N)	
4	Whether involved in any forest offence in the past 3 years? (Y/N)	
5	Purpose of financing	
6	If it is for business purpose, whether a written Business Plan has been submitted? (Y/N)	
7	If a written Business Plan has been submitted, whether it has been appraised by the Executive Committee of the JFMC? (Y/N)	
8	If the Business Plan has been appraised, then whether the Proposal is viable or not? (Viable/ Not-viable)	

Signature of the Applicant

Countersigned.

Signature of the Member Secretary

Suggested fields for Mobile App for Revolving Fund Management System (RFMS)

Field No	Field	Permissible values
1	JFMC ID	Alphanumeric.
2	Transaction date	From calendar.
3	Transaction ID	Auto generated.
4	Transaction entered by	User ID & Password. Each JFMC Member Secretary profile to be created.
5	Date when recorded	Auto fill.
6	Amount	Rs without decimal
7	Receipt or Payment to/from Revolving Fund	Radio button
8	If Receipt, then from whom	Alphanumeric
9	Head of receipt, Item of receipt	From Dropdown menu
10	If payment then to whom	Alphanumeric
11	Decision reference	Copy of EC resolution to be uploaded.
12	Non-refundable or refundable?	Radio button
13	If Non-refundable, then category	From Dropdown menu
14	Date when full utilization reported	From calendar.
15	If refundable, then category	From Dropdown menu
16	Loan Account No.	Alphanumeric
17	Name of loanee	Alphanumeric
18	Rate of interest	--- % (per month)
19	Moratorium period	Integer (months)
20	Nature of instalments	Monthly (fixed)
21	Total number of instalments to be repaid	Integer
22	EMI amount	Calculated Rs (no decimal)
23	Amount outstanding after repayment of last instalment	Calculated Rs (no decimal)
24	Next instalment due on	Calculated Rs (no decimal)
25	Remarks	Text (300 words max)